

Message Text

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APPROVED BY JOSEPH A. B. WINDER
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P R 250053Z JAN 78
FM SECSTATE WASHDC
TO USMISSION GENEVA PRIORITY
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME

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USEEC ALSO FOR EMBASSY

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: EC DEMARCHE ON US/EC DEBT PROPOSAL

GENEVA PASS MEISSNER

1. DANISH AMBASSADOR BORCH REPRESENTING THE EC PRESIDENCY
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ACCOMPANIED BY ECONOMIC COUNSELOR ERSKOV AND EC DELEGATION
REPRESENTATIVE LENG PRESENTED AN AIDE MEMOIRE TO ASSISTANT
SECRETARY KATZ ON JANUARY 24.

2. THERE FOLLOWS THE TEXT OF THE AID MEMOIRE: BEGIN TEXT:

AT THE SECOND SESSION IN UNCTAD OF THE INTERGOVERNMENTAL

GROUP OF EXPERTS ON THE INDEBTEDNESS OF DEVELOPING COUNTRIES, WHICH TOOK PLACE IN GENEVA, DECEMBER 5-16, 1977, IT WAS AGREED THAT A RESULT OF CONTACTS BETWEEN THE EEC AND THE US GOVERNMENT THAT THE JOINT EEC/US PROPOSALS FROM THE CIEC ON FEATURES WHICH COULD PROVIDE GUIDANCE IN FUTURE OPERATIONS RELATING TO DEBT PROBLEMS PURSUANT TO UNCTAD RESOLUTION 94 (IV), COULD BE INTRODUCED IN UNCTAD AT THE DEBT EXPERTS MEETING FOR REFERENCE.

THE GROUP B PAPER ON THE DEBT SITUATION OF THE DEVELOPING COUNTRIES CAME TO THE CONCLUSION THAT DEVELOPMENTS SINCE

CIEC CONFIRMED THE PERTINENCE AND THE VALUE OF THESE PROPOSALS.

THE TEXT OF THE PROPOSALS WAS, CONSEQUENTLY, ANNEXED TO THE GROUP B PAPER AS A REFERENCE DOCUMENT FOR THE TASK OF THE EXPERTS GROUP AND, ULTIMATELY OF THE 9TH SPECIAL SESSION OF THE TDB AT THE MINISTERIAL LEVEL.

CONSISTENT WITH THE AGREEMENT REACHED AT THE CIEC THAT THE WORK DONE ON THE PROPOSALS COULD FORM A USEFUL BASIS FOR CONSIDERATION IN OTHER APPROPRIATE FORA, THE JOINT EEC/US PROPOSALS ARE A VITAL ELEMENT IN THE NORTH/SOUTH DIALOGUE.

THE EEC IS CONCERNED THAT AT THE TIME OF THE SECOND PART OF LIMITED OFFICIAL USE

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THE 9TH SPECIAL SESSION OF THE TDB, THE MANDATE OF WHICH IS TO PREPARE THE ITEMS ON THE AGENDA FOR THE MINISTERIAL MEETING IN MARCH, ONLY THE GROUP OF 77 HAS CLEARLY STATED THAT THEIR PROPOSALS ARE FOR CONSIDERATION BY THE MINISTERS AND NOT JUST FOR REFERENCE.

THE EEC BELIEVES THAT, IN ORDER TO RESTORE THE BALANCE AND TO AVOID CREATING THE IMPRESSION OF NOT BEING WILLING TO ADHERE TO OUR OWN PROPOSALS FROM THE CIEC, GROUP B SHOULD NOW MAKE A DECLARATION INDICATING THAT THESE PROPOSALS SHOULD BE REGARDED AS BEING PUT FORWARD FOR ACCEPTANCE BY THE MINISTERIAL MEETING ON AN EQUAL FOOTING WITH THOSE ALREADY MADE BY THE GROUP OF 77. THIS DECLARATION SHOULD BE MADE BEFORE THE END OF THE PRESENT SESSION IN PREPARATION OF THE MINISTERIAL MEETING.

GROUP B SHOULD ALSO BE READY TO MOVE A DRAFT RESOLUTION EMBODYING THESE PROPOSALS IN CASE THAT SHOULD BECOME NECESSARY IF THE GROUP OF 77 TAKE THAT STEP THEMSELVES. END TEXT.

3. BORCH EXPLAINED THAT HE HAD BEEN REQUESTED TO PRESENT

THIS AIDE MEMOIRE BY THE EC REPRESENTATIVES IN GENEVA WHO WERE CONCERNED THAT AS THINGS NOW STAND THERE IS ONLY ONE PROPOSAL BEING PRESENTED TO THE MINISTERS FOR THEIR CONSIDERATION. HE EMPHASIZED THAT THE EC WANTS TO MAKE A DECLARATION BEFORE THE END OF THE SENIOR OFFICIALS MEETING THAT GROUP B IS PREPARED TO HAVE THE MINISTERS ACCEPT THE US/EC DEBT PROPOSALS. IN RESPONSE TO A QUESTION HE EXPLAINED THAT THE EC REPS THOUGHT THAT GROUP B SHOULD

BEGIN THE PROCESS OF DRAFTING A RESOLUTION WHICH WOULD EMBODY THE US/EC DEBT PROPOSAL SO THAT IN CASE THE G-77 PUT FORWARD A RESOLUTION CONTAINING THEIR OWN PROPOSALS

AT THE MINISTERIAL, GROUP B WOULD BE ABLE TO RESPOND
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QUICKLY.

4. ASSISTANT SECRETARY KATZ RESPONDED THAT THE STATUS OF THE US/EC PROPOSAL WAS STILL UNDER REVIEW WITHIN THE USG. HE SAID THERE WERE A NUMBER OF TACTICAL CONSIDERATIONS THAT NEEDED TO BE KEPT IN MIND. WE HAD TAKEN THE POSITION AT CIEC THAT IF THE G-L9 DID NOT ACCEPT OUR PROPOSAL WE WOULD NOT OFFER IT AGAIN LATER AND THEREFORE WE HAVE A CREDIBILITY PROBLEM. HE SAID WE HAD SOME DOUBTS THAT THIS WAS THE BEST TIME TO TABLE THE PROPOSAL AND NOTED THAT GROUP B HAD HAD THE EXPERIENCE IN THE PAST OF TABLING A PROPOSAL TOO EARLY AND HAVING IT REJECTED WITHOUT SERIOUS CONSIDERATION BEING GIVEN TO IT. HE ALSO NOTED THAT CONCERN WAS EXPRESSED ABOUT THE IMPACT THE TABLING OF THE US/EC PROPOSAL MIGHT HAVE ON CURRENT CONGRESSIONAL CONSIDERATION OF THE US CONTRIBUTION TO THE WITTEVEEN FACILITY.

5. KATZ PROMISED TO PROVIDE AMBASSADOR BORCH WITH A DEFINITIVE RESPONSE TO THE EC REQUEST WITHIN THE NEXT DAY OR TWO. VANCE

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